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SERVICE DATE - JANUARY 10, 2002

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34142]

Bethlehem Steel Corporation—Corporate Family Transaction Exemption

Bethlehem Steel Corporation (BSC), a noncarrier holding company, has filed a verified notice of exemption. As part of an overall corporate restructuring, BSC is forming six new limited liability company subsidiaries (LLCs) to merge with and succeed to the rights of six of BSC's existing subsidiary Class III rail carriers. BSC will continue to control the LLCs.¹

¹ The six BSC subsidiary railroads are as follows: Brandywine Valley Railroad Company, operating in the States of Pennsylvania and Delaware; Upper Merion and Plymouth Railroad Company, operating in the State of Pennsylvania; Conemaugh & Black Lick Railroad Company, operating in the State of Pennsylvania; Keystone Railroad, Inc., operating in the State of Pennsylvania; Steelton & Highspire Railroad Company, operating in the State of Pennsylvania; and Patapsco & Back Rivers Railroad Company, operating in the State of Maryland. The instant corporate family transaction is related to six concurrently filed verified notices of exemption: STB Finance Docket No. 34154, Brandywine Valley Railroad Company LLC—Acquisition and Operation Exemption—Brandywine Valley Railroad Company; STB Finance Docket No. 34155, Upper Merion and Plymouth Railroad Company LLC—Acquisition and Operation Exemption—Upper Merion and Plymouth Railroad Company; STB Finance Docket No. 34156, Conemaugh & Black Lick Railroad Company LLC—Acquisition and Operation Exemption—Conemaugh & Black Lick Railroad Company; STB Finance Docket No. 34157, Keystone Railroad LLC—Acquisition and Operation Exemption—Keystone Railroad, Inc.; STB Finance Docket No. 34158, Steelton & Highspire Railroad Company LLC—Acquisition and Operation Exemption—Steelton & Highspire Railroad Company; and STB Finance Docket No. 34159, Patapsco & Back Rivers Railroad Company LLC—Acquisition and Operation Exemption—Patapsco & Back Rivers Railroad Company.

The transaction was to be consummated as of January 1, 2002. The earliest the transaction could have been consummated was December 26, 2001, the effective date of the exemption (7 days after the notice of exemption was filed.) The corporate restructuring will provide tax benefits to BSC, eliminate the filing of certain tax returns, and provide other administrative benefits.

BSC's control of the LLCs and the conversion of the six existing BSC rail carriers to LLCs through mergers are transactions within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). BSC states that the transaction will not result in adverse changes in service levels, operational changes, or a change in the competitive balance with carriers outside the corporate family.

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Because this transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction.

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to reopen the proceeding to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to reopen will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34142, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Eric M. Hockey, Esq., Gollatz, Griffin & Ewing, P.C., 213 West Miner Street, P. O. Box 796, West Chester, PA 19381-0796.

Board decisions and notices are available on our website at www.stb.dot.gov.

Decided: January 2, 2002.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary